

Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2017



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Appendix: Annual Quantitative Reporting Templates (QRTs)

Summary

The Swedish Club is a mutual organisation with focus on marine insurances, marine safety and loss prevention. Established in 1872, it is owned and self-managed and under the direct control of its members. All strategic decisions are taken by a Board of Directors drawn from the members.

The Swedish Club emphasizes service excellence in casualty situations. The priority is to help members solve problems quickly, so ensuring swift return to trade. The guiding principle is a guarantee of fair and equitable treatment. This extends from the assessment of risk to the setting of premiums and the settling of claims.

The highest authority in the Club is the Annual General Meeting (AGM) consisting of all the Club's members. The AGM is held once a year in June and it elects the Board of Directors, approves the annual accounts and appoints external auditors. The next authority level is the Board of Directors, which has the ultimate responsibility for the Club's operation and appoints and instructs the Managing Director. Pursuant to Article 5 of the Articles of Association the Board of Directors shall consist of not less than 10 and no more than 25 members. The Board of Directors normally meets five times a year. The third level of authority is the Managing Director, who is responsible for the day to day management and organisation of the Club.

The Board of Directors is assisted by the work of two Committees; the Finance and Audit Committee and the Election Committee. The Finance & Audit Committee is a subgroup of the Board of Directors. It consists of six board members and the Director of Finance and serves as a link between the Board of Directors and the auditors. It also supervises the performance of the investment operations. The Election Committee is elected by the AGM and makes recommendations to the AGM for the election of members to the Board. It also makes recommendations as to remuneration to the members of the Board.

Internal control is an essential part of the Club's governance. This is secured through three levels. The first level is carried out by the operational functions. The second level consists of the risk management, actuarial and compliance functions. The third level is the internal auditor, which is appointed by the Board of Directors. The second and third level are independent of the operational functions.

The Swedish Club further improved its sound financial position in the course of 2017. This is displayed in this Solvency and Financial Condition Report (SFCR) and the company's annual report. In many aspects, this SFCR overlaps with the annual report; however, it provides additional insights into our solvency position, based on the perspectives of the Solvency II regulations. In other aspects, the annual report could provide an even more comprehensive view on the company's operations.

In 2017, total premiums written amounted to USD 151 M. The three largest geographic areas were China, USD 31 M, Greece, USD 30 M, and Germany USD 22 M. Sweden accounted for USD 8 M. In terms of class of insurance, P&I accounted for 65%, Marine & Energy represented 31%, and FD&D was 4% of written premiums.

The Swedish Club is delivering consistent underwriting performance. The average combined ratio for the last three years, 2015-2017 was 100.5%. The last ten-year average was 96%. Returns on financial investments have been a bit more volatile but in line with overall financial markets' performances. In 2017, the return from the investment portfolio was 7.7%; the yield of the decided comparison performance index was 7.2%. There has been an underlying trend of the operations' growth for the last ten years in which premium volumes have expanded and own funds have close to doubled.

The solvency ratio of Basic Own Funds (BOF) in relation to net Solvency Capital Requirement (SCR) was 216% at year-end 2017; the same number at the end of 2016 was 182%. The improvement predominantly comes from a combination of a lower SCR, due mainly to lower market and insurance risk, and higher BOF, mainly as a consequence of the favourable result. BOF amounted to USD 234 M and Eligible Own Funds amounted to USD 288 M, the difference reflecting the right of the company and the obligation of members to contribute with funds in a situation so requiring. The SCR was USD 108 M and the Minimum Capital Requirement (MCR) was USD 34 M at year-end 2017.

There has been no material changes to insurance or reinsurance undertakings, and the operations and performance thereof have not been outside of established business models during 2017.

The risk exposure profile of the company has not changed materially in the last year; however, a tactical reduction of the exposure of investments to the equity markets has reduced the market risk, and the ability to cover risks has improved further by means of accumulated profits.

The system of governance is continually fine-tuned to meet the challenges of operations, but there were no material changes introduced during 2017.

The capital management set-up was improved in 2017. Collaboration with the global financial advisor Mercer has delivered a more robust investment portfolio management framework. The ongoing collaboration is delivering more structured, insightful and timely analysis, which enable the company to be more agile and react more proactively to market developments.

Sammanfattning (in Swedish)

Sveriges Ångfartygs Assurans Förening är ett ömsesidigt försäkringsbolag med fokus på sjöförsäkring, sjösäkerhet och skadeförebyggande verksamhet. Sedan bildandet år 1872 är bolaget ägt och styrt direkt av sina medlemmar. Alla strategiska beslut tas av styrelsen som är vald av medlemmarna.

The Swedish Club lägger tonvikt på att leverera bästa möjliga service när skador eller olyckor sker. Denna prioritering hjälper medlemmarna att smidigt lösa problem för att så snabbt som möjligt kunna återgå till normal affärsverksamhet. Vägledande princip är att garantera en rättvis behandling avseende riskbedömning, premiebelopp och skadereglering

Bolagsstämman är det högst beslutande organet och utgörs av samtliga medlemmar. Årsstämman hålls i juni varje år, och den väljer styrelsen, godkänner årsredovisningen och utser externa revisorer. Styrelsen är det näst högsta beslutande organet, ansvarig för bolagets förvaltning och utser, samt ger instruktioner till, verkställande direktören. Enligt Artikel 5 i bolagsordningen, ska styrelsen ha minst 10 och max 25 styrelseledamöter. Varje år hålls normalt fem styrelsemöten. Det tredje högsta beslutande organet är verkställande direktören som ansvarar för bolagets dagliga verksamhet och styrning av organisationen.

Det finns två kommittéer som assisterar styrelsen: Finance & Audit Committee och Valberedningskommitté (Election Committee). Finance & Audit Committee är en underordnad funktion till styrelsen. Den består av sex styrelseledamöter samt Finansdirektören och är en länk mellan styrelsen och dess revisorer. Dessutom övervakar den investeringsverksamheten. Valberedningskommittén väljs av årsstämman och föreslår nya styrelseledamöter till årsstämman. Den ger också styrelsen rekommendationer vad gäller ersättning till styrelseledamöter.

Internkontroll är en viktig del av företagsstyrningssystemet och säkerställs genom tre nivåer. Den första nivån av intern kontroll sker genom de operativa funktionerna. Den andra nivån består av funktionerna för riskhantering, aktuarie och regelefterlevnad. Den tredje nivån, som är helt oberoende av alla andra funktioner, är internrevisionen där den interna revisorn utses av styrelsen. Den andra och tredje nivån är oberoende av de operativa funktionerna.

The Swedish Club har under 2017 ytterligare förbättrat sin starka finansiella ställning. Detta återspeglas i denna Solvens- och verksamhetsrapport (SFCR) och i bolagets årsredovisning. SFCR överlappar delvis med årsredovisningen; men ger ytterligare insikt i bolagets solvens baserat på Solvens II-reglerna. Dessutom ger årsredovisningen en kompletterande insyn i företaget verksamhet.

Under 2017 uppgick premieinkomsten till USD 151 miljoner. De tre största geografiska områden var Kina (USD 31 m), Grekland (USD 30 m) och Tyskland (USD 22 m). Sveriges andel uppgick till USD 8 m. Beträffande försäkringsgrenar så svarade P&I för 65% av premieinkomsten, Marine & Energy för 31% och FD&D för 4%.

The Swedish Club levererar ett förutsägbart och konsekvent försäkringstekniskt resultat. Den genomsnittliga totalkostnadsprocenten för de senaste tre åren, 2015-2017 var 100,5%. Tio års genomsnittlig totalkostnadsprocent uppgår till 96%. Avkastning på finansiella placeringar har varit lite mer volatil men i linje med den övergripande utvecklingen på de finansiella marknaderna. 2017 var avkastningen på investeringsportföljen 7,7% och motsvarande jämförelseindex hade en avkastning på 7,2%.

Det har funnits en underliggande trend av tillväxt i verksamheten under de senaste tio åren, vilket inneburit att premievolymer har ökat och konsolideringskapitalet har fördubblats.

Primärkapitalbasen (BOF) i förhållande till solvenskapitalkravet (SCR) var 216% vid utgången av 2017 jämfört med 182% vid utgången av 2016. Förbättringen beror huvudsakligen på en kombination av lägre SCR, genom mestadels lägre marknads- och försäkringsrisk, och ett högre primärkapital (BOF), som en effekt av den gynnsamma resultatutvecklingen under året. BOF uppgick till USD 234 miljoner och EOF till USD 288 miljoner, skillnaden beror på bolagets rättighet och medlemmarnas skyldighet att bidra med medel när situationen så kräver. SCR var USD 108 miljoner och minimikapitalkravet (MCR) var USD 34 miljoner vid utgången av 2017.

Inga materiella ändringar vad gäller försäkrings- eller återförsäkringsverksamheten har skett under året. Verksamheten och dess resultat har inte avvikit från etablerade affärsmodeller.

Bolagets riskexponering är i princip oförändrad under året. Dock har en taktisk minskning i exponeringen mot aktiemarknaderna resulterat i en lägre marknadsrisk, och förmågan att täcka riskerna har ytterligare förbättrats genom ackumulerade vinster.

Företagsstyrningssystemet finjusteras kontinuerligt för att möta utmaningar i verksamheten, men inga materiella förändringar genomfördes under 2017.

Kapitalhanteringsprocesserna förbättrades under 2017. Samarbetet med Mercer, en global finansiell rådgivare, har resulterat i en mer robust grund för förvaltningen av investeringsportföljen. Detta pågående samarbete har levererat regelbundna, strukturerade och insiktsfulla analyser, och ger företaget förutsättningar att agera snabbare och mera proaktivt när det sker en förändring i marknadsförhållandena.

A. Business and performance

A.1 Business and general information

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

Unless otherwise stated, all amounts in this report are in SEK millions (M) which is the statutory reporting currency. However, from the perspective of understanding the business and its inherent risks the most relevant currency from which to evaluate the Company is USD. Therefore, amounts are also presented in USD as most revenues and claims related costs of the Company are denominated in USD.

Amounts within brackets represent the previous financial year.

The Swedish Club is a marine mutual insurance company. The registered legal business name is Sveriges Ångfartygs Assurans Förening and secondary name The Swedish Club.

The Company is licensed by Finansinspektionen, the Swedish Financial Supervisory Authority, to carry out Direct and Indirect Non-life insurance under the following classes:

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

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 8 555 330 00, Website: www.pwc.se

The Company's insurance classes are all classified under the line of business MAT (Marine, Aviation and Transport).

91% of the insurance contracts are written from the office in Gothenburg, Sweden and 9% from Oslo, Norway.

The Company 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	2017 SEK	2016 SEK	2017%	2016%
China	259	262	20%	18%
Greece	249	265	20%	19%
Germany	185	249	15%	18%
Singapore	103	98	8%	7%
Norway	90	90	7%	6%
Sweden	70	84	6%	6%
Other countries	308	372	24%	26%
Gross premiums written	1,265	1,419	100%	100%

A.2 Underwriting performance

Amounts in million, net of reinsurance	2017 SEK	2016 SEK	2017 USD	2016 USD
Premiums earned (A)	1,017	1,105	117	130
Claims incurred (B)	-839	-875	-98	-103
Net operating expenses (C)	-218	-214	-25	-25
Combined ratio (B+C)/A	103.8%	98.6%	104.6%	98.4%

Statutory underwriting result	-26	57	-4	7
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During 2017 the Club has extended a mutual rebate of SEK M 30 (-) to its members. This rebate is not included in the premiums presented in the two tables above.

Part of the investment income in the financial statements is reallocated to insurance activities. The amount is based on the expected return on the investment portfolio for the current year's average technical provisions for own account. The transferred investment income amounted to SEK M 43 (41).

The statutory underwriting result includes the mutual rebates and investment income transferred which is not part of the combined ratio.

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

The Supervisory regulatory reported figures for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the financial accounts.

Changes in other technical provisions amounted to SEK M 18 (-29).

A.3 Investment performance

Amounts in million	2017 SEK	2016 SEK	2017 USD	2016 USD
Quoted shares	147	26	18	2.7
Interest-bearing securities	56	68	6	8.2
Other financial income and expenses	-5	-4	-1	0
Gains/Losses on foreign exchange, net	-142	138	4	-1
Financial result	55	228	28	10
Total return	6.0%	3.0%	7.7%	2.7%

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. Average duration of the bond investments is 2.7 years.

At the end of 2017, the value of the Club's investments amounted to SEK M 3,093 (3,198), of which 84% (78) consists of interest-bearing securities and 16% (22) is equity funds. The financial result, including exchange rate differences amounted to SEK M 55 (228). The result from interest-bearing securities was SEK M 56 (68). The result for quoted shares amounted to SEK M 147 (26) and the result for other financial income and expenses amounted to SEK M -5 (-4).

Gains and losses recognised directly in equity

No gains and losses are recognised directly in equity

Investments in securitisation

The Club does not directly invest in securitisation assets.

A.4 Performance of other activities

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

A.5 Any other information

There are no other material matters in respect to the business or performance of the Company.

B. System of governance

B.1 General information on the system of governance

B.1.1 Authority levels and Committees

The Annual General Meeting (AGM) is the highest authority and consists of all the Club's members. It elects the members of the Board and members of the Club's election committee, approves the annual accounts, appoints external auditors and deals with any other business duly referred to it.

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

The Board continuously monitors the company'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 23 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 committee consists of three members including one board member.

The Finance & Audit Committee is a subgroup of the Board. Its 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 shall review recommendations and provide feedback to management on key areas, such as changes in investment allocation, auditing, compliance and premium collection. It shall supervise 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 including the managing director and director of finance, risk management and IT.

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

B.1.2 Remuneration policy

Each year, the Board reviews and establishes a directive for the remuneration policy. The basis for this was a risk analysis that was conducted the Board of Directors upon adoption of the directive. The result of the analysis was that the Club's remuneration policy does not involve any tangible risks. 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 deduction for the return on capital, 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.

B.1.3 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.

B.2 Fit and proper requirements

The company's Fit & Proper requirements are:

- Formal qualifications, knowledge and experience within the insurance sector, other financial sectors or other relevant sectors or businesses
- In the event duties are to be allocated to a person having a function within the Club that require knowledge within any of the following areas, the person must have adequate skills within the same area. The areas are: accounting, actuarial issues, corporate management, business strategy and business models, system of governance and regulatory framework

- Honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect

Process for employing members of the Management Group except the Managing Director

The managing director shall assess prospective members of the management group with respect to the above Fit & Proper requirements. The assessment is documented.

Process for employing Managing Director and his/her deputy

The Board shall assess the prospective managing director with respect to the above Fit & Proper requirements. The assessment is documented.

The process for employing Persons having Key Functions

The director human resources and/or director corporate legal shall assess persons having key functions with respect to the above Fit & Proper requirements. The assessment is 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 respective person's skills, knowledge and suitability for the required duties are reviewed annually.

In addition to the Club's own verification as to the Fit & Proper requirements, all persons are vetted by the Swedish Financial Supervisory Authority.

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

The objective with the company's risk management system is to create and protect value for the Members of the undertaking. The system is characterised by a holistic, integrated, value and top-down driven enterprise wide risk management system, based on a risk culture shared by the entire organization and using a common risk language. This is 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 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 a year.

The risk management system safeguards that the Club is operating within acceptable limits according to its risk appetite and tolerance limits.

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 affected by the risk and coordinated by the risk owner in each department. This method leads to a truly holistic, value driven, top-down and integrated Enterprise Risk Management (ERM) process that involves the whole organization.

An annual workshop about 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 to the risk management function on the risk management tasks annually.

The Own Risk and Solvency Assessment (ORSA) process:

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

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

The seventh ORSA of the Club was carried out during the autumn of 2017 following the Club's Directive for Own Solvency and Risk Assessment resulting in a written report which was approved by the Board and filed with Finansinspektionen.

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

The process begins with the business planning and builds on input derived from the risk management process, which the risk owners are responsible for and which ensures the alignment of ORSA processes with the risk profile and the approved risk tolerances of the Club. The forward-looking requirement of own capital is calculated for at least the next 3 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. Also 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 organization 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 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. The function/team managers are also responsible for informing the risk management, the actuarial, the compliance 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 company at all times acts in compliance with the applicable laws, rules and regulations that apply to the Swedish 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 organization 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 audit plan agreed with the Board. 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 stipulated in 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 only using qualitative data in these calculations.

B.7 Outsourcing

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

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

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

The company has outsourced the internal audit function to the auditing firm KPMG.

B.8 Any other information

Internal audits and external audits provide independent evaluation of the Company's system of governance. Recommendations from these audits are considered by the Board and implemented proportionate to the business' risks.

To the nature, scale and complexity of the risks inherent in business operation the Company assess that the Company's system of governance is adequate.

C. Risk profile

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

C.1 Underwriting risk

Underwriting risk is the uncertainty about that future insurance claims stemming from current exposures cannot be covered by the Club's premium income, or 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.

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

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

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

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

Amounts in million	2017 SEK	2016 SEK	2017 USD	2016 USD
Premium and reserve risk	576	666	70	73
Catastrophe risk	201	223	24	24
Diversification	-121	-135	-15	-15
Total underwriting risk	656	754	80	83

The change in catastrophe risk is solely due to currency exchange difference, i.e. a strengthened SEK versus USD. The change in premium and reserve risk is mostly due to currency exchange difference and a smaller portion due to changes in premium and reserve volumes.

Risk concentrations

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 due to the fact that vessels may be insured by more than one of the Club's business areas. In these cases, the same incident can lead to claims in more than one business area, also called clash claims. Based on how

the different reinsurance protections have been set up, this could affect the allocation of claims costs between reinsurers and the Club. Clash claims primarily concerns the insurance classes shown in the table below.

The table shows the concentration of insurance classes per vessel as of 31 December 2017. 3% of the vessels were exposed to four insurance classes, 27% to three classes and 34% to two classes.

	Vessels	H&M ¹⁾	P&I ²⁾	LH ¹⁾	Interest ¹⁾
Four classes	125	X	X	X	X
Three classes	12	X	X	X	
	359	X	X		X
	621	X		X	X
	9		X	X	X
Two classes	71	X	X		
	55	X		X	
	1,094	X			X
	35		X	X	
	4		X		X
	36			X	X
Vessels by class of insurance		2,775	1,180	1,203	2,278
Total number of vessels		3,764			

¹⁾Including Energy risks ²⁾P&I Owners

Risk mitigation

Reinsurance protection is essential for the successful operation of the Club. 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 a long relationship with some of the world's leading reinsurance companies — a collaboration that has been productive for all of the parties involved.

For P&I, the reinsurance is based on the cooperation within the International Group of P&I Clubs, where claim costs between USD 10 M and USD 80 M are pooled (the Pooling Agreement). To supplement this, the Group purchases reinsurance protection up to USD 3,100 M (Excess of Loss reinsurance program). The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). It reinsures the Group's P&I pool claims for USD 50 M in excess of USD 30 M and also part of the layer USD 1,000 M in excess of USD 80 M.

Parts of the pool, as well as parts of the reinsurance protection, are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is owned by the Group's 13 members. Hydra is a protected cell company, which means that the assets and liabilities in

each cell are legally separate from the other cells. Each of the 13 clubs own one of the protected cells and from it claims are paid and premiums received.

Since 2010, The Swedish Club has had a reinsurance solution for the level USD 8 M in excess of USD 2 M, which covers the insurance classes, Marine and P&I. The thought behind this structure is to combine the protection for the different classes and retain the first USD 2 M per combined claim. With this structure, the Club retains all claims in the layer USD 8 M in excess of USD 2 M during a normal claim year by means of an annual aggregated deductible of USD 30 M.

C.2 Market risk

The investment process is prescribed by the Investment Directive decided by the Board. The Club's investments are exclusively managed by Mercer Global Investment through funds. All new funds must be approved by the Finance and Audit Committee.

The performance of the Club's investments are monitored on a monthly basis. The market risk is calculated monthly by using a value at risk model. 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 is through fixed income funds and future payments to be made in respect of claims. The structure of the portfolio is made to minimize interest risk by matching assets with liabilities.

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

As all decisions regarding currency positions are based on a USD perspective, the Company has regarded asset over liabilities as consisting entirely of USD when calculating the currency risk.

Amounts in million	2017 SEK	2016 SEK	2017 USD	2016 USD
Interest rate risk	57	84	7	9
Equity risk	242	288	29	32
Property risk	-	-	-	-
Spread risk	154	166	19	18
Concentration risk	54	18	7	2
Currency risk	55	87	7	10
Diversification	-162	-173	-20	-19
Total market risk	400	470	49	52

C.3 Credit risk

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

Amounts in SEK million	2017 SEK	2016 SEK	2017 USD	2016 USD
Credit risk	89	99	11	11

C.4 Liquidity risk

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

The solvency capital requirement for liquidity risk is considered to be nil.

C.5 Operational risk

The Club is exposed to a number of different types of operational risk. In order to assess these risks, the whole 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. These plans are evaluated annually.

Amounts in SEK million	2017 SEK	2016 SEK	2017 USD	2016 USD
Operational risk	59	49	7	5

C.6 Other material risks

No other risk is recognised as material and has therefore not been quantified.

C.7 Stress testing and sensitivity analysis

The Club has developed a range of stress test scenarios in order to assess the impact of adverse scenarios on its capital position. The scenarios are divided into high severity underwriting events, frequency shift, claims inflation and terror/war events, asset risk scenarios, credit risk scenarios and operational loss scenarios.

The largest impact on the Club's assets would be caused by a significant market downturn followed by the effects of a collision between two high value vessels, both entered with the Club for both Hull and Machinery and P&I. None of these events would lead to the Club's insolvency.

C.8 Any other information

No other material information is applicable

D. Valuation for solvency purposes

D.1 Assets

Amounts in SEK million	Swedish GAAP value	Solvency II value
Investment assets	3,093	3,093
Reinsurance recoverables	636	601
Receivables	329	329
Other assets	306	333
Total assets	4,364	4,356

The Club's investments are valued for Solvency II purposes on the same basis as the annual financial statements, which follow IFRS.

Investments are valued by market value. Where assets are suspended and no market value is available in an active market, a fair value has been calculated by an independent nominee.

The reinsurance recoverables have, for solvency purposes, been discounted with the risk free rate term structure for US dollars given by EIOPA.

D.2 Technical provisions

Amounts in SEK million	Swedish GAAP value	Solvency II value
Technical provisions	2,402	2,105
Best Estimate	-	1,966
Risk Margin	-	139

For IFRS the technical provision (TP) has been valued using undiscounted values.

For Solvency II purposes the technical provision is the sum of the best estimate and the risk margin. The technical provisions are calculated separately for the premium provision and for the claims provision, both using a best estimate basis.

The best estimate is the probability weighted average of future cash flows discounted with the risk free rate term structure 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.

Premium provisions and claims provisions are calculated separately for each homogeneous risk group and aggregated before discounting.

The risk margin is computed by calculating the discounted solvency capital for all future run-off years, multiplied by the cost of capital level given by the regulator. In the calculation

of the solvency capital for each future run-off year the market risk, the premium risk and the counterparty risk, other than regarding reinsurance counterparties, is assumed to be nil.

The key source of uncertainty in the Technical Provisions is the randomness of claims both in terms of size and timing, and the impact on the ultimate cost of the unpaid claims.

The total effect of revaluation of net technical provisions, including reinsurance recoverables, for Solvency II purposes is explained by the movements in the items listed in the table below.

Amounts in million	SEK	USD
Statutory net TP	1,765	214
Reinsurers share of technical provisions	35	4
Gross technical provisions (excl. RM)	-436	-53
Technical provision - risk margin (RM)	139	17
Solvency II net TP	1,503	183

D.3 Other liabilities

Amounts in SEK million	Swedish GAAP value	Solvency II value
Pensions and similar obligations	7	7
Deferred tax	13	65
Insurance & Intermediaries payables	67	67
Reinsurance payables	47	47
Payables (trade, not insurance)	8	8
Any other liabilities, not elsewhere shown	103	103
Total	245	297

The liabilities described above are all valued using the same valuation bases, methods and main assumptions for solvency purposes as in financial statements. 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 13 M. As an effect of Solvency II valuation adjustments the net DTL recognised in the Solvency II balance sheet increased to SEK 65 M.

The revaluated items are specified in the table below with a tax rate of 22 % applied.

Amounts in million	SEK	USD
Statutory DTL	13.5	1.6
Elimination of intangible assets	-0.2	-0.0
Elimination of deferred acquisition cost	-5.8	-0.7
Recalculation of net technical provisions	57.6	7.0
Solvency II DTL	65.2	7.9

D.4 Alternative methods for valuation

The Company 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 Company'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. underwriting risks and market risks are monitored continuously. The time horizon of the business planning is normally three years; however, in the ORSA process a five-year projection is used.

The Company has maintained capital sufficient to meet its capital requirements throughout the period covered by this report.

2 March 2017, Finansinspektionen approved the Company's method for determining ancillary own funds as tier 2 capital. The ancillary own funds reflect the right of the company and the obligation of members to contribute with funds in a situation so requiring.

The eligible amount of own funds (EOF) to cover the Solvency Capital Requirement (SCR) is presented in the table below.

Amounts in million	SEK	USD
Tier 1	1,927	234
Tier 2	446	54
Tier 3	-	-
Total eligible own funds	2,373	288

The following table reconciles equity and untaxed reserves in accordance with Swedish GAAP with the excess of assets over liabilities as recognised for solvency purposes.

Amounts in million	SEK	USD
Statutory equity and untaxed reserves	1,757	213
Change in net technical provision including risk margin	+262	+32
Intangible assets	-1	-0
Deferred acquisition cost	-26	-3
Deferred tax	-65	-8
Solvency II excess of assets over liabilities	1,927	234

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

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

Amounts in million	SEK 2017	SEK 2016	USD 2017	USD 2016
Market risk	400	470	49	52
Counterparty default risk	89	99	11	11
Non-life underwriting risk	656	754	80	83
Diversification between risk modules	-247	-286	-30	-32
Operational risk	59	49	7	5
Loss-absorbing capacity of deferred taxes	-65	-7	-8	-1
Total SCR	891	1,078	108	118

The Company uses EIOPA's Solvency II Standard Formula. It does not use Undertaking Specific Parameters (USP) and does not use simplified calculations in its computation.

The amount of the Company's MCR at the end of the reporting period was SEK 277 M.

The inputs used to calculate the MCR of the Company are the Best Estimate net of reinsurance and the Written Premiums net of reinsurance in the last 12 months.

	2017	2016
Ratio of Basic own funds to SCR	2.16	1.82
Ratio of Eligible own funds to SCR	2.66	1.82
Ratio of Basic own funds to MCR	6.96	6.09

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

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company does not use the option to calculate the equity risk as set out in Article 304 of Directive 2009/138/EC.

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 MCR and non-compliance with the SCR

As the Company 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 information which should be disclosed regarding the capital management of the Company.

Appendix

All monetary amounts in this appendix are in thousands of SEK (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
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	
	C0010	
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	4 645
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3 093 172
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	0
Government Bonds	R0140	0
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	3 093 172
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	601 479
Non-life and health similar to non-life	R0280	601 479
Non-life excluding health	R0290	601 479
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	318 642
Reinsurance receivables	R0370	10 694
Receivables (trade, not insurance)	R0380	107
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	206 779
Any other assets, not elsewhere shown	R0420	94 992
Total assets	R0500	4 330 509

S.02.01.02

	Solvency II value	
	C0010	
Liabilities		
Technical provisions – non-life	R0510	2 104 909
Technical provisions – non-life (excluding health)	R0520	2 104 909
TP calculated as a whole	R0530	0
Best Estimate	R0540	1 965 990
Risk margin	R0550	138 919
Technical provisions - health (similar to non-life)	R0560	0
TP calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	7 408
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	65 195
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Debts owed to credit institutions resident domestically	ER0801	0
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	0
Debts owed to credit institutions resident in rest of the world	ER0803	0
Financial liabilities other than debts owed to credit institutions	R0810	0
debts owed to non-credit institutions	ER0811	0
debts owed to non-credit institutions resident domestically	ER0812	0
debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	0
debts owed to non-credit institutions resident in rest of the world	ER0814	0
other financial liabilities (debt securities issued)	ER0815	0
Insurance & intermediaries payables	R0820	67 146
Reinsurance payables	R0830	47 395
Payables (trade, not insurance)	R0840	8 501
Subordinated liabilities	R0850	0
Subordinated liabilities not in basic own funds	R0860	0
Subordinated liabilities in basic own funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	102 950
Total liabilities	R0900	2 403 505
Excess of assets over liabilities	R1000	1 927 004

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											In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +			C0170
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			
Prior	R0100										4 047	R0100	4 047	4 047
N-9	R0160	236 303	280 666	86 338	96 105	31 877	3 390	16 797	12 957	1 891	19 871	R0160	19 871	786 196
N-8	R0170	248 352	141 244	106 225	56 207	35 446	6 943	3 524	29 165	15 900		R0170	15 900	643 006
N-7	R0180	166 325	197 799	151 439	51 395	18 749	23 282	5 927	10 651			R0180	10 651	625 568
N-6	R0190	475 820	2 155 728	830 785	920 021	304 007	79 769	52 492				R0190	52 492	4 818 621
N-5	R0200	411 507	620 070	254 559	135 117	135 025	62 359					R0200	62 359	1 618 637
N-4	R0210	262 243	248 768	142 640	39 288	21 601						R0210	21 601	714 539
N-3	R0220	158 755	220 302	98 142	70 139							R0220	70 139	547 338
N-2	R0230	469 199	412 800	117 534								R0230	117 534	999 534
N-1	R0240	376 221	235 525									R0240	235 525	611 746
N	R0250	301 234										R0250	301 234	301 234
Total												R0260	911 353	17 739 405

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +		C0360
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		
Prior	R0100										38 130	R0100	35 690
N-9	R0160								17 471	- 7 284		R0160	- 6 818
N-8	R0170							17 494	7 295			R0170	6 828
N-7	R0180						27 057	23 711				R0180	22 194
N-6	R0190					238 336	3 013					R0190	2 820
N-5	R0200				146 450	30 974						R0200	28 992
N-4	R0210			122 694	38 682							R0210	36 207
N-3	R0220		254 126	218 417								R0220	204 441
N-2	R0230		432 336	288 014								R0230	269 585
N-1	R0240	476 395	334 593									R0240	313 183
N	R0250	797 296										R0250	746 279
Total												R0260	1 659 401

Own funds

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)
 Share premium account related to ordinary share capital
 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
 Subordinated mutual member accounts
 Surplus funds
 Preference shares
 Share premium account related to preference shares
 Reconciliation reserve
 Subordinated liabilities
 An amount equal to the value of net deferred tax assets
 Other own fund items approved by the supervisory authority as basic own funds not specified above

	Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
R0010					
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	1 927 004	1 927 004			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	1 927 004	1 927 004	0	0	0
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360	445 541			445 541	
R0370					
R0390	0				

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand
 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
 Unpaid and uncalled preference shares callable on demand
 A legally binding commitment to subscribe and pay for subordinated liabilities on demand
 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
 Other ancillary own funds

	Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
R0400	445 541			445 541	0
R0500	2 372 545	1 927 004	0	445 541	0
R0510	1 927 004	1 927 004	0	0	0
R0540	2 372 545	1 927 004	0	445 541	0
R0550	1 927 004	1 927 004	0	0	0
R0580	891 082				
R0600	276 816				
R0620	3				
R0640	7				

Total ancillary own funds**Available and eligible own funds**

Total available own funds to meet the SCR
 Total available own funds to meet the MCR
 Total eligible own funds to meet the SCR
 Total eligible own funds to meet the MCR

SCR**MCR****Ratio of Eligible own funds to SCR****Ratio of Eligible own funds to MCR****Reconciliation reserve**

Excess of assets over liabilities
 Own shares (held directly and indirectly)
 Foreseeable dividends, distributions and charges
 Other basic own fund items
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business
 Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	C0060
R0700	1 927 004
R0710	0
R0720	0
R0730	0
R0740	0
R0760	1 927 004
R0770	
R0780	
R0790	

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency Capital Requirement excluding capital add-on

Capital add-on already set
Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirements for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0100

R0010	399 519		
R0020	89 484		
R0030	0		
R0040	0		
R0050	655 728		
R0060	-247 434		
R0070	0		
R0100	897 297		

C0100

R0130	58 980
R0140	0
R0150	-65 195
R0160	0
R0200	891 082
R0210	0
R0220	891 082
R0400	
R0410	
R0420	
R0430	
R0440	

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

MCRNL Result

	C0010
R0010	276 816

- Medical expense insurance and proportional reinsurance
- Income protection insurance and proportional reinsurance
- Workers' compensation insurance and proportional reinsurance
- Motor vehicle liability insurance and proportional reinsurance
- Other motor insurance and proportional reinsurance
- Marine, aviation and transport insurance and proportional reinsurance
- Fire and other damage to property insurance and proportional reinsurance
- General liability insurance and proportional reinsurance
- Credit and suretyship insurance and proportional reinsurance
- Legal expenses insurance and proportional reinsurance
- Assistance and proportional reinsurance
- Miscellaneous financial loss insurance and proportional reinsurance
- Non-proportional health reinsurance
- Non-proportional casualty reinsurance
- Non-proportional marine, aviation and transport reinsurance
- Non-proportional property reinsurance

	Net (of reinsurance/SP V) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
R0020		
R0030		
R0040		
R0050		
R0060		
R0070	1 364 511	973 365
R0080		
R0090		
R0100		
R0110		
R0120		
R0130		
R0140		
R0150		
R0160		
R0170		

Linear formula component for life insurance and reinsurance obligations

MCRL Result

	C0040
R0200	0

- Obligations with profit participation - guaranteed benefits
- Obligations with profit participation - future discretionary benefits
- Index-linked and unit-linked insurance obligations
- Other life (re)insurance and health (re)insurance obligations
- Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SP V) best estimate and TP calculated as a whole	Net (of reinsurance/S PV) total capital at risk
	C0050	C0060
R0210		
R0220		
R0230		
R0240		
R0250		

Overall MCR calculation

- Linear MCR
- SCR
- MCR cap
- MCR floor
- Combined MCR
- Absolute floor of the MCR

	C0070
R0300	276 816
R0310	891 082
R0320	400 987
R0330	222 770
R0340	276 816
R0350	36 044
	C0070
R0400	276 816

Minimum Capital Requirement