Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2018

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

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The Swedish Club

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 Club has a full range of marine insurance products and by offering Hull & Machinery, Protection & Indemnity and Freight Demurrage & Defence cover, the Club positions itself as an attractive insurance provider. The loss prevention activities, studies and publications of the Club add further to the attraction.

The Swedish Club is delivering consistent underwriting performance. The average combined ratio for the last three years, 2016-2018 was 100.7 (100.5) %. The last ten-year average was 98 (96) %.

In 2018, total premiums written amounted to USD 143 (151) M. The three largest geographic areas were China, USD 32 (31) M, Greece, USD 30 (30) M, and Germany USD 18 (22) M. Sweden accounted for USD 8 (8) M. In terms of class of insurance, P&I accounted for 67 (65) %, Marine & Energy represented 28 (31) %, and FD&D was 5 (4) % of written premiums.

Returns on financial investments have been a bit more volatile but in line with overall financial markets' performances. In 2018, the return from the investment portfolio was -1.6 (7.7) %; the yield of the decided comparison performance index was -1.4 (7.2) %.

The capital management set-up involving the global financial advisor Mercer yields a robust investment portfolio management framework. The ongoing collaboration is delivering structured, insightful and timely analysis, which enable the Club to be more agile and react more proactively to market developments.

There has been an underlying trend of growth of The Club's insurance operations in the last ten years. In monetary terms, the growth has been somewhat counteracted by price pressures for most of the same period. In the last decade, the Club's financial performance, net of discounts to members, has contributed to own funds close to doubling.

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 2018.

The risk exposure profile of the Club has not changed materially in the last year; however, a tactical reduction of the exposure of investments to the equity markets reduced the market risk.

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 system of governance is continually fine-tuned to meet the challenges of operations, but there were no material changes introduced during 2018.

The Key Risks of The Club are categorised in five applicable groups:

1. Underwriting risk, which is the uncertainty that future insurance claims cannot be met by the Club.
2. Market risk, which arises from the level or volatility of market prices of financial instruments which influence the Club's investments
3. Credit risk, which is The Club's exposure to counterparty default mostly related to reinsurers
4. Liquidity risk, which is the risk that The Club cannot access cash when needed
5. Operational risk, which represents a host of risks related organisational behaviours and administrative procedures.

From a Solvency capital requirement perspective, the Underwriting risk is the largest risk of the Club. The next largest is Market risk, followed by Credit risk and Operational risk. The structure of the investment portfolio is such that the capital requirement of the Liquidity risk is insignificant.

There are policies and procedures and control mechanisms in place to identify, monitor, control and mitigate the risks inherent in the operations.

To further manage risks, the Club performs stress tests and scenario analysis which continuously fine-tunes and elevates the organisation's understanding of its risks.

The Swedish Club consolidated its sound financial position in the course of 2018. 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.

The solvency ratio of Basic Own Funds (BOF) in relation to net Solvency Capital Requirement (SCR) was 237 (216) % at year-end 2018. The improvement predominantly comes from a lower SCR, due mainly to lower market and insurance risk. BOF amounted to USD 229 (234) M and Eligible Own Funds (EOF) amounted to USD 278 (288) M. Here, the difference between EOF and BOF is referred to as Ancillary Own Funds (AOF) which reflects the right of the company and the obligation of members to contribute with funds in a situation so requiring. The SCR was USD 97 (108) M.

The Club has not applied any transitional measures spreading the impact of calculations required by "Solvency II" standards.

The EOF to cover the SCR amounted to USD 278 (288) M, i.e. well above the SCR. The EOF is built up by USD 229 (234) M of Tier 1 unrestricted BOF and USD 49 (54) M of Tier 2 AOF. The underlying ability of members to contribute with funds is judged to be substantially higher than USD 49 M; however, for the purpose of calculating AOF, the maximum amount allowed to be classified as AOF is 50% of SCR.

The Club's Minimum Capital Requirement (MCR) at year-end 2018 was USD 30 M. All of the BOF, USD 229 M, to cover the MCR is classified as Tier 1 unrestricted BOF.

The Club has not been remotely close to any non-compliance with the MCR or SCR over the last reporting period.

In January of 2019, The Swedish Club was upgraded from "BBB+" to "A-" by Standard & Poor's. In the same month, AM Best confirmed its "A-" rating of the Club.

Sammanfattning (Summary in Swedish)

The Swedish Club 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 korrekt och rättvis behandling avseende riskbedömning, premiesättning och skadereglering.

The Swedish Club tillhandahåller ett komplett utbud av marina försäkringsprodukter och genom att erbjuda både Fartygs- (Hull & Machinery) och Fartygsansvarsförsäkring (Protection & Indemnity) samt Rättsskydd (Freight Demurrage & Defence) positionerar sig The Swedish Club på marknaden som en attraktiv försäkringsleverantör. Genom sin skadeförebyggande verksamhet, undersökningar och publikationer förstärker The Swedish Club ytterligare sitt välrenommerade anseende.

The Swedish Club levererar ett förutsägbart och konsekvent försäkringstekniskt resultat. Den genomsnittliga totalkostnadsprocenten för de tre senaste åren, 2016-2018 uppgick till 100.7 (100.5) %. Tio års genomsnittliga totalkostnadsprocent uppgår till 98 (96) %.

År 2018 uppgick de totala premierna till USD 143 (151) M. De tre största geografiska områdena var Kina, USD 32 (31) M, Grekland, USD 30 (30) M och Tyskland USD 18 (22) M. Beträffande försäkringsgrenar svarade fartygsansvar, P&I, för 67% (65) %, medan fartygsegendom, Marine & Energy, representerade 28 (31) % och rättskydd, FD&D, 5 (4) % av de totala premierna.

Avkastningen på finansiella placeringar har varit mera volatil från år till år i linje med den övergripande utvecklingen på de finansiella marknaderna. 2018 var avkastningen på investeringsportföljen -1,6 (7,7) % och motsvarande jämförelseindex visade en avkastning på -1,4 (7,2) %.

I sin kapitalförvaltningsverksamhet samarbetar The Swedish Club med Mercer, en global finansiell rådgivare, vilket ger en robust struktur till förvaltningen av investeringsportföljen. Det pågående samarbetet genererar regelbundna, strukturerade och kontinuerligt aktuella analyser och uppdateringar, vilket sammantaget möjliggör ett snabbt och proaktivt agerande när det sker förändringar i marknadsförhållandena.

Det finns en underliggande trend av tillväxt i verksamheten de senaste tio åren, vilket inneburit att premievolymerna har ökat och konsolideringskapitalet har fördubblats. I premietermer har tillväxten motverkats något av pristrycket under större delen av samma period. De senaste tio åren har The Swedish Clubs ekonomiska resultat, med avdrag för rabatter till medlemmar, bidragit till att konsolideringskapitalet fördubblats.

Inga materiella förändringar vad gäller försäkrings- eller återförsäkringsverksamheten har skett under året och den etablerade affärsmodellen har varit oförändrad.

Bolagets riskexponering har inte förändrats väsentligt under det senaste året. En taktisk minskning av andelen aktier i investeringsportföljen minskade emellertid marknadsrisken något.

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 utgörs av den 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 underordnad styrelsen. Den består av sex styrelseledamöter samt Finansdirektören och är en länk mellan styrelsen och dess revisorer. Dessutom övervakar Finance & Audit Committee investeringsverksamheten. Valberedningskommittén väljs av årsstämman och föreslår nya styrelseledamöter vid årsstämman. Den rekommenderar dessutom nivån på 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.

Företagsstyrningssystemet finjusteras kontinuerligt för att möta utmaningar i verksamheten, men inga materiella förändringar genomfördes under 2018. The Swedish Club’s riskexponering är kategoriserad i fem tillämpliga grupper:

1. Försäkringsrisk, vilket är osäkerheten om att framtida försäkringsanspråk inte kan mötas av The Swedish Club
2. Marknadsrisk, som härrör från nivå eller volatilitet av marknadspriser på finansiella instrument som påverkar The Swedish Club’s finansiella investeringar
3. Kreditrisk, vilken är exponeringen gentemot motparter som i huvudsak hänför sig till återförsäkringsföretag
4. Likviditetsrisk, vilket är risken för att The Swedish Club inte har åtkomst till likviditet när så krävs
5. Operativ risk, som representerar en mängd risker relaterade till organisation och administrativ hantering

Från perspektivet solvenskapitalkrav är försäkringsverksamheten den största risken för The Swedish Club. Den näst största risken är marknadsrisken, följt av kreditrisk och operativ risk. Investeringsportföljens struktur är sådan att kapitalkravet för likviditetsrisken är obetydlig.

Det finns styrdokument, rutiner och kontrollmekanismer för att identifiera, övervaka, kontrollera och sätta in motåtgärder avseende de risker som är förknippade med verksamheten.

För att ytterligare hantera risker utförs stresstester och scenarioanalyser som kontinuerligt ligger till underlag för finjusteringar och höjer organisationens förståelse för sina risker.

The Swedish Club har under 2018 förbättrat sin starka finansiella ställning ytterligare. 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 företagets verksamhet.

Primärkapitalbasen (BOF) i förhållande till solvenskapitalkravet (SCR) uppgick vid utgången av 2018 till 237 (216) %. Förbättringen beror huvudsakligen på lägre SCR, genom mestadels lägre marknads- och försäkringsrisk. BOF uppgick till 229 (234) M och EOF, summan av primärkapitalbasen och tilläggskapitalet, uppgick till 278 (288) M. Skillnaden mellan EOF och BOF utgörs av bolagets rättighet och medlemmarnas skyldighet att bidra med medel när situationen så kräver. SCR uppgick till 97 (108) M vid utgången av 2018.

The Swedish Club har inte tillämpat några övergångsregler med avseende på beräkningar enligt Solvens II standarden.

Kapitalbasen enligt Solvens II (EOF) för att täcka SCR uppgick till 278 (288) M, dvs långt över SCR. EOF utgörs av 229 (234) M Nivå 1 fri kapitalbas, s.k. primärkapital (BOF), och 49 (54) M Nivå 2 kapitalbas, s.k. tilläggskapital (AOF). The Swedish Club medlemmars underliggande förmåga att bidra med tilläggskapital bedöms vara väsentligt högre än 49 M. Men, i syfte att här beräkna AOF enligt Solvens II är det maximalt tillåtna beloppet att klassificera som AOF begränsat till 50 % av SCR.

Minimikapitalkravet (MCR) uppgick vid utgången av 2018 till 30 M. Totala BOF, 229 M, som täcker MCR klassificeras som Nivå 1 fritt BOF.

The Swedish Clubs kapitalbas har varit på betryggande avstånd från såväl MCR som SCR under den senaste rapporteringsperioden.

I januari 2019 erhöll The Swedish Club A- rating, en uppgradering från BBB+, från Standard & Poor's. I samma månad bekräftade AM Best betyget A-.

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.

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 in millions (M) are presented both in the statutory reporting currency SEK and 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. Being a mutual insurer, The Swedish Club is owned and under direct control of its members. 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

Contact details to Norwegian branch 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.

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	2018 SEK	2017 SEK	2018%	2017%
China	286	259	23%	20%
Greece	262	249	21%	20%
Germany	161	185	13%	15%
Singapore	106	103	8%	8%
Norway	79	90	6%	7%
Sweden	69	70	5%	6%
Other countries	306	308	37%	24%
Gross premiums written	**1,269**	**1,265**	100%	100%

A.2 Underwriting Performance

Amounts in million, net of reinsurance	2018 SEK	2017 SEK	2018 USD	2017 USD
Premiums earned (A)	962	1,017	111	118
Claims incurred (B)	-744	-839	-87	-98
Net operating expenses (C)	-202	-218	-24	-25
Combined ratio (B+C)/A	98.3%	103.8%	99.3%	104.6%

Statutory underwriting result	23	-26	2	-4

During 2018 the Club has made a discount of the P&I premium of USD 4 (3) M to its members. This discount 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 USD 5 (5) M.

The statutory underwriting result includes the P&I discount 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 USD 2 (2) M.

A.3 Investment Performance

Amounts in million	**2018 SEK**	**2017 SEK**	**2018 USD**	**2017 USD**
Quoted shares	-50	147	-6	18
Interest-bearing securities	16	56	2	6
Other financial income and expenses	-2	-5	0	-1
Gains/Losses on foreign exchange, net	130	-142	-1	4
Financial result	94	55	-6	28
Total return	-1.0%	6.0%	-1.6%	7.7%

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 2.6 years.

At the end of 2018, the value of the Club's investments amounted to USD 345 (376) M, of which 82 (84) % consist of interest-bearing securities and 18 (16) % is equity funds. The financial result, including exchange rate differences amounted to USD -6 (28) M. The result from interest-bearing securities was USD 2 (6) M. The result for quoted shares amounted to USD -6 (147) M and the result for other financial income and expenses amounted to USD 0 (-1) M.

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 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 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.

Pensions and similar renumeration

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 consists 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.1.3 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.

<u>Election of board members</u>

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

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

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

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

The committee shall document its work including its assessments.

<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 of Persons Having 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.

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.

<u>The Own Risk and Solvency Assessment (ORSA) process:</u>

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

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

The ORSA of the Club was carried out during the summer and autumn of 2018 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 governed 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 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.

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

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

Amounts in million	**2018 SEK**	**2017 SEK**	**2018 USD**	**2017 USD**
Premium and reserve risk	564	576	63	70
Catastrophe risk	235	201	26	24
Diversification	-136	-121	-15	-15
Total underwriting risk	**663**	**656**	**74**	**80**

The change in premium and reserve risk in USD is mostly 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.

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The table shows the concentration of insurance classes per vessel as of 31 December 2018. 3% of the vessels were exposed to four insurance classes, 26% to three classes and 32% to two classes.

	Vessels	H&M[1)]	P&I[2]	Loss of hire	Interest
Four classes	125	X	X	X	X
Three classes	30	X	X	X	
	340	X	X		X
	569	X		X	X
	5		X	X	X
Two classes	88	X	X		
	53	X		X	
	984	X			X
	20		X	X	
	19		X		X
	21			X	X
Vessels by class of insurance		2,795	1,224	974	2,091
Total number of vessels		3,646			

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

<u>Risk mitigation</u>

Reinsurance protection is essential for the successful operation of the Club. Risks can arise due to insufficient or incorrect reinsurance protection. Reinsurance purchasing activities are centralised and they are the responsibility of the Reinsurance Department. Documented routines are followed in order to ensure correct wording and consistency of reinsurance contracts. Each year, the department compiles a Reinsurance Risk Assessment Report, which is used to ensure that the costs for reinsurance are optimal given the anticipated risk, results, volatility and capital needs. Thorough knowledge of probabilities and expected outcomes of claims are important components in assessing the risks associated with reinsurance.

The Club has had a consistent reinsurance strategy for many years. 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 100 M are pooled (the Pooling Agreement). To supplement this, the Group purchases reinsurance protection up to USD 3,100 M (Excess reinsurance programme). The International Group’s joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). It reinsures the Group’s P&I pool claims for USD 70 M in excess of USD 30 M and also part of the layer USD 500 M in excess of USD 100 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 owns one of the protected cells and from it, claims are paid, and premiums received.

Hydra writes two reinsurance contracts for the clubs:

- 100% of the coverage between USD 30 and 100 M.
- 30% of the coverage between USD 100 and 600 M.

Our share of the business in Hydra is approximately 5%. For more information on International Group see www.igpandi.org.

The Swedish Club has 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 only 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 claims year by means of an annual aggregated deductible of USD 30 M. The reinsurance is only settled in a claims' year when the claims in this layer exceed the annual aggregated deductible.

C.2 Market risk

Market risk arises from the level or volatility of market prices of 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 funds. All new funds must be approved by the Finance and Audit Committee.

The investment directive defines: 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 summarized on a monthly basis. 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 also 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 assets to liabilities to the extent possible.

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

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.

The figures below show a decrease in capital requirement for market risk which was mainly driven by change in market risk concentration. Compared to last year the Club has look through on all funds which contributes to no concentration risk and a lower capital requirement for the equity risk.

Amounts in million	2018 SEK	2017 SEK	2018 USD	2017 USD
Interest rate risk	59	57	7	7
Equity risk	186	242	21	29
Property risk	-	-	-	-
Spread risk	172	154	19	19
Concentration risk	-	54	-	7
Currency risk	85	55	9	7
Diversification	-127	-162	-14	-20
Total market risk	**374**	**400**	**42**	**49**

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 million	2018 SEK	2017 SEK	2018 USD	2017 USD
Credit risk	81	89	9	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 million	**2018 SEK**	**2017 SEK**	**2018 USD**	**2017 USD**
Operational risk	54	59	6	7

C.6 Other material risks

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

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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.

C.7.1 Underwriting risk

The result of the stress test is 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 & Labor)	17
2.		Two vessel collision (High value vessels, both entered for H&M and P&I with the Club)	33
3.		Two TSC entered vessels affected by natural disaster (A Tsunami or Windstorms destroying two vessels in port or at yard)	33
4.		Energy total loss (mobile offshore units with the Club line above USD 10 million)	2
5.	Frequency Shift	Significant increase in incidents (20 % higher frequency than expected)	16
6.		More pool claims from the Club (the Club's pool share increases by 3 %)	7
7.		Total Loss Model HM/IV increased by 100 %	6
8.	Claims Inflation	Significant shift in claims inflation (20 % higher severity than expected)	14
9.	Terror / War	Terror attack (Loss of 2 vessels with death/injuries)	3
10.		Piracy (Attack on tanker)	3

C.7.2 Market risk

The table below shows the high-level results of the stress test and scenario analysis for the market risk.

#	Stresses and scenarios	1-Year Portfolio Loss USD million
1.	46 % Global equities decline	33
2.	2 % parallel shift in yield curves	17
3.	25 % appreciation of USD in relation to other currencies	8
4.	5 % of IG corporate bonds and 5 % of government bonds below BBB- default (70 %) LGD, plus a 2 % spread increase	12
5.	5 % of high yield corporate bonds default (70 % loss given default)	2
6.	5 % increase in High Yield spreads	5
7.	1 % loss across active mandates	2
8.	'Inflation Surprise' scenario	19
9.	'Lost Decade' scenario	13
10.	'Stagflation' scenario	35
11.	'China-Emerging Markets Crisis' scenario	17
12.	'Financial Crisis'	28

C.7.3 Credit risk

The table below shows the high-level results of the stress test and scenario analysis for the credit 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)	5
2.	10 % of members and client's default (A severe shipping downturn causes 10 % of members/clients to default)	4
3.	Significant corporate or operational risk event(s) (1-in-200)	7

The largest impact on the Club's assets would be caused by a significant market downturn and 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**	**Solvency II**
Investment assets	3,097	3,097
Reinsurance recoverables	558	517
Receivables	751	751
Other assets	353	327
Total assets	**4,759**	**4,692**

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

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 yield curve for US dollars given by EIOPA, European Insurance and Occupational Pensions Authority.

D.2 Technical provisions

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

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

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

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

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

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

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

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

The tables below show the amounts of provision booked in the financial 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	276	256	-20
Claims provision	2 019	1 544	-475
Risk margin	-	133	133
Total	**2 295**	**1 933**	**-363**
Reinsurer's share			
Premium provision	31	29	-2
Claims provision	527	488	-39
Counterparty default adj.	-	-0	-0
Total	**558**	**517**	**-42**
Net	**1 737**	**1 416**	**-321**

Amounts in USD million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	31	29	-2
Claims provision	225	172	-53
Risk margin	-	15	15
Total	**256**	**216**	**-40**
Reinsurer's share			
Premium provision	3	3	-0
Claims provision	59	54	-4
Counterparty default adj.	-	-0	-0
Total	**62**	**58**	**-5**
Net	**194**	**158**	**-36**

The difference between the provisions, net of reinsurance, calculated on solvency II basis and that booked in the financial accounts amounts to USD -39 M, i.e. the provision according to solvency II is lower than that shown in the financial 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 due to the fact that the combined ratio assumed in the solvency II calculation of the premium provision is 100% and thus the undiscounted premium provision equals the unearned premium reserve in the financial accounts.
2. Prudence margin: In the financial 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 39 M.
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 financial report are undiscounted. The discounting effect amounts to USD 11 M.
4. Adjustment for counterparty default: 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 21 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 financial accounts while the risk margin is part of the technical provisions calculated on solvency basis. The risk margin amounts to USD 15 M.

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

Amounts in million	**Difference SEK**	**Difference USD**
Valuation differences	-0	-0
Risk margin	133	15
Prudence margin reserves	-352	-39
Counterparty default adj.	0	0
Discounting effect	-103	-11
Total	**-321**	**-36**

The largest difference between the technical provisions is the prudence margin accounted for in the financial statement and which amounts to USD 39 M.

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 financial 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 5%.

D.3 Other liabilities

Amounts in SEK million	**Swedish GAAP**	**Solvency II**
Pension benefit obligations	5	5
Deferred tax	3	68
Insurance & Intermediaries payables	87	87
Reinsurance payables	438	438
Payables (trade, not insurance)	11	11
Any other liabilities, not elsewhere shown	94	94
Total	**638**	**703**

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 3 M. As an effect of Solvency II valuation adjustments the net DTL recognised in the Solvency II balance sheet increased to SEK 68 M.

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

Amounts in million	**SEK**	**USD**
Statutory DTL	2.7	0.3
Elimination of intangible assets	-0.1	-0.0
Elimination of deferred acquisition cost	-5.5	-0.6
Recalculation of net technical provisions	70.6	7.9
Solvency II DTL	**67.8**	**7.6**

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 maintain a combination of a capital position and a risk profile that is at least in line with a single A rating by Standard & Poor's.

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 Club 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 method is subject to a new approval 2021.

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	2,056	229
Tier 2	434	48
Tier 3	-	-
Total eligible own funds	**2,491**	**278**

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	1,829	204
Change in net technical provision including risk margin	321	36
Intangible assets	-0	-0
Deferred acquisition cost	-25	-3
Deferred tax	-68	-8
Solvency II excess of assets over liabilities	**2,056**	**229**

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 2018	SEK 2017	USD 2018	USD 2017
Market risk	374	400	42	49
Counterparty default risk	81	89	9	11
Non-life underwriting risk	663	656	74	80
Diversification between risk modules	-235	-247	-26	-30
Operational risk	54	59	6	7
Loss-absorbing capacity of deferred taxes	-68	-65	-8	-8
Total SCR	**869**	**891**	**97**	**108**

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 268 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.

	2018	2017
Ratio of Basic own funds to SCR	2.37	2.16
Ratio of Eligible own funds to SCR	2.87	2.66
Ratio of Basic own funds to MCR	7.66	6.96

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 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
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**	6 638
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3 096 688
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**	2 998 007
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	98 681
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**	516 886
Non-life and health similar to non-life	**R0280**	516 886
Non-life excluding health	**R0290**	516 886
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**	732 972
Reinsurance receivables	**R0370**	18 070
Receivables (trade, not insurance)	**R0380**	361
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**	200 394
Any other assets, not elsewhere shown	**R0420**	119 752
Total assets	**R0500**	4 691 761

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Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1 932 653
Technical provisions – non-life (excluding health)	R0520	1 932 653
TP calculated as a whole	R0530	
Best Estimate	R0540	1 799 423
Risk margin	R0550	133 230
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	5 004
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	67 765
Derivatives	R0790	
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	87 181
Reinsurance payables	R0830	437 670
Payables (trade, not insurance)	R0840	11 167
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	93 849
Total liabilities	R0900	2 635 289
Excess of assets over liabilities	R1000	2 056 473

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Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						1 257 882											1 257 882
Gross - Proportional reinsurance accepted	**R0120**						11 497											11 497
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						308 124											308 124
Net	**R0200**						961 254											961 254
Premiums earned																		
Gross - Direct Business	**R0210**						1 258 355											1 258 355
Gross - Proportional reinsurance accepted	**R0220**						11 497											11 497
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						307 583											307 583
Net	**R0300**						962 269											962 269
Claims incurred																		
Gross - Direct Business	**R0310**						398 560											398 560
Gross - Proportional reinsurance accepted	**R0320**						15 885											15 885
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						-349 594											-349 594
Net	**R0400**						764 038											764 038
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						20 530											20 530
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						20 530											20 530
Expenses incurred	**R0550**						201 937											201 937
Other expenses	**R1200**																	
Total expenses	**R1300**																	201 937

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Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NO					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	1 147 260	110 621					1 257 882
Gross - Proportional reinsurance accepted	**R0120**	11 497						11 497
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	275 258	32 867					308 124
Net	**R0200**	883 499	77 755					961 254
Premiums earned								
Gross - Direct Business	**R0210**	1 147 213	111 142					1 258 355
Gross - Proportional reinsurance accepted	**R0220**	11 497						11 497
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	274 743	32 839					307 583
Net	**R0300**	883 967	78 303					962 269
Claims incurred								
Gross - Direct Business	**R0310**	375 902	22 658					398 560
Gross - Proportional reinsurance accepted	**R0320**	15 885						15 885
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	-334 495	-15 099					-349 594
Net	**R0400**	726 282	37 757					764 038
Changes in other technical provisions								
Gross - Direct Business	**R0410**	20 530						20 530
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers' share	**R0440**							
Net	**R0500**	20 530						20 530
Expenses incurred	**R0550**	157 813	44 123					201 937
Other expenses	**R1200**							
Total expenses	**R1300**							201 937

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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**						255 919											255 919
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						28 692											28 692
Net Best Estimate of Premium Provisions	**R0150**						227 227											227 227
Claims provisions																		
Gross - Total	**R0160**						1 543 504											1 543 504
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						488 194											488 194
Net Best Estimate of Claims Provisions	**R0250**						1 055 310											1 055 310
Total Best estimate - gross	**R0260**						1 799 423											1 799 423
Total Best estimate - net	**R0270**						1 282 537											1 282 537
Risk margin	**R0280**						133 230											133 230
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**						1 932 653											1 932 653
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						516 886											516 886
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**						1 415 767											1 415 767

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Non-life Insurance Claims Information

Total Non-Life Business

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

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year													In Current year	Sum of years (cumulative)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**				
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**			**C0170**	**C0180**
Prior	**R0100**											9 499		**R0100**	9 499	9 499
N-9	**R0160**	270 641	153 920	115 758	61 251	38 627	7 567	3 841	31 783	17 326	3 896			**R0160**	3 896	704 609
N-8	**R0170**	181 252	215 551	165 030	56 007	20 432	25 372	6 458	11 607	2 565				**R0170**	2 565	684 275
N-7	**R0180**	518 522	2 349 194	905 344	1 002 589	331 290	86 928	57 203	87 042					**R0180**	87 042	5 338 111
N-6	**R0190**	448 438	675 718	277 404	147 243	147 142	67 955	-392 360						**R0190**	-392 360	1 371 541
N-5	**R0200**	285 778	271 093	155 442	42 814	23 539	-17 902							**R0200**	-17 902	760 763
N-4	**R0210**	167 074	240 073	106 949	76 434	89 966								**R0210**	89 966	680 497
N-3	**R0220**	511 307	449 847	128 082	64 897									**R0220**	64 897	1 154 133
N-2	**R0230**	409 986	256 662	140 012										**R0230**	140 012	806 659
N-1	**R0240**	328 269	360 880											**R0240**	360 880	689 148
N	**R0250**	304 277												**R0250**	304 277	304 277
													Total	**R0260**	652 770	19 544 299

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		Development year													Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**			**C0360**
Prior	**R0100**											10 848		**R0100**	10 044
N-9	**R0160**								19 064	11 775	3 405			**R0160**	3 153
N-8	**R0170**							29 485	22 664	3 601				**R0170**	3 334
N-7	**R0180**						259 725	184 079	-17 897					**R0180**	-16 570
N-6	**R0190**					159 593	78 647	-8 709						**R0190**	-8 064
N-5	**R0200**				133 706	76 647	45 141							**R0200**	41 795
N-4	**R0210**			276 932	165 088	77 458								**R0210**	71 716
N-3	**R0220**		471 136	327 734	163 600									**R0220**	151 473
N-2	**R0230**	409 986	394 704	259 701										**R0230**	240 451
N-1	**R0240**	600 464	370 631											**R0240**	343 158
N	**R0250**	691 865												**R0250**	640 581
													Total	**R0260**	1 481 071

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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**	2 056 473	2 056 473			
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**	2 056 473	2 056 473			
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**	434 366			434 366	
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**	434 366			434 366	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2 490 838	2 056 473		434 366	
Total available own funds to meet the MCR	**R0510**	2 056 473	2 056 473			
Total eligible own funds to meet the SCR	**R0540**	2 490 838	2 056 473		434 366	
Total eligible own funds to meet the MCR	**R0550**	2 056 473	2 056 473			
SCR	**R0580**	868 732				
MCR	**R0600**	268 452				
Ratio of Eligible own funds to SCR	**R0620**	2,8672				
Ratio of Eligible own funds to MCR	**R0640**	7,6605				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	2 056 473	
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**	2 056 473	
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	374 102		
Counterparty default risk	R0020	80 783		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	663 063		
Diversification	R0060	-235 433		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	882 515		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	53 983
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-67 765
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	868 732
Capital add-on already set	R0210	
Solvency capital requirement	R0220	868 732
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	276 816

		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	1 282 537	973 932
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	268 452
SCR	R0310	868 732
MCR cap	R0320	390 929
MCR floor	R0330	217 183
Combined MCR	R0340	268 452
Absolute floor of the MCR	R0350	38 486
		C0070
Minimum Capital Requirement	R0400	268 452